

# **GTCR Gridlock Holdings (Cayman), L.P.**

**Consolidated Financial Report  
For the year half year ended 31 December 2015**

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the half year ended 31 December 2015

	Notes	31 December 2015 \$'000	31 December 2014 \$'000
Revenue	6	82,405	76,965
Other income	6	162	292
Operating expenses		(51,300)	(46,281)
Selling, general and administrative expenses		(15,409)	(15,614)
Transaction expenses		(1,103)	(243)
Depreciation and amortisation		(11,913)	(11,612)
Finance costs		(2,907)	(2,692)
Foreign currency transaction loss		(7,523)	(11,229)
<b>Loss before income tax</b>		<u>(7,588)</u>	<u>(10,414)</u>
Income tax benefit (expense)	8	543	(493)
<b>Loss for the half year</b>		<u>(7,045)</u>	<u>(10,907)</u>
<b>Other comprehensive income for the half year, net of income tax:</b>			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		6,155	12,558
Unrealised gain on interest rate swaps		41	21
<b>Total other comprehensive income for the half year</b>		<u>6,196</u>	<u>12,579</u>
<b>Total comprehensive income/(loss) for the half year</b>		<u>(849)</u>	<u>1,672</u>

This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Financial Position

	Notes	31 December 2015 \$'000	30 June 2015 \$'000
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		24,336	25,880
Trade and other receivables		35,145	28,848
Other current assets		1,191	856
<b>Current assets</b>		<b>60,672</b>	<b>55,584</b>
<b>Non-current</b>			
Property, plant and equipment	11	5,817	6,790
Intangible assets	10	78,155	89,232
Goodwill	9	93,471	93,885
Deferred tax assets		9,485	7,956
Other assets		269	323
<b>Non-current assets</b>		<b>187,197</b>	<b>198,186</b>
<b>Total assets</b>		<b>247,869</b>	<b>253,770</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables		22,619	26,182
Deferred revenue		121	206
Current tax liabilities		2,262	1,078
Financial liabilities	12	-	2,559
Derivatives	13	758	-
Provisions		547	709
<b>Current liabilities</b>		<b>26,307</b>	<b>30,734</b>
<b>Non-current</b>			
Trade and other payables		70	66
Financial liabilities	12	50,432	46,711
Deferred tax liabilities		19,052	22,125
Derivatives	13	-	1,229
Other liabilities		775	779
Provisions		521	476
<b>Non-current liabilities</b>		<b>70,850</b>	<b>71,386</b>
<b>Total liabilities</b>		<b>97,157</b>	<b>102,120</b>
<b>Net assets</b>		<b>150,712</b>	<b>151,650</b>
<b>Equity</b>			
Partners' equity		262,513	248,717
Reserves		36,835	30,728
Accumulated losses		(148,636)	(127,795)
<b>Total equity</b>		<b>150,712</b>	<b>151,650</b>

This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Changes in Equity

	Partners' Equity \$'000	Foreign Currency Translation Reserve \$'000	Interest Rate Hedging Reserve \$'000	Equity Based Payments Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>Balance at 1 July 2014</b>	226,419	10,362	(967)	1,300	(87,328)	149,786
<b>Total comprehensive income:</b>						
Net loss	-	-	-	-	(10,907)	(10,907)
Preferred equity dividends	10,352	-	-	-	(10,352)	-
Other comprehensive income	-	12,558	21	-	-	12,579
	10,352	12,558	21	-	(21,259)	1,672
<b>Transactions with owners in their capacity as owners:</b>						
Equity based compensation	-	-	-	374	-	374
	-	-	-	374	-	374
<b>Balance at 31 December 2014</b>	236,771	22,920	(946)	1,674	(108,587)	151,832
<b>Balance at 1 July 2015</b>	248,717	29,430	(799)	2,097	(127,795)	151,650
<b>Total comprehensive income:</b>						
Net loss	-	-	-	-	(7,045)	(7,045)
Preferred equity dividends	13,796	-	-	-	(13,796)	-
Other comprehensive income	-	6,155	41	-	-	6,196
	13,796	6,155	41	-	(20,841)	(849)
<b>Transactions with owners in their capacity as owners:</b>						
Equity based compensation	-	-	-	(89)	-	(89)
	-	-	-	(89)	-	(89)
<b>Balance at 31 December 2015</b>	262,513	35,585	(758)	2,008	(148,636)	150,712

This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Cash Flows

### For the half year ended 31 December 2015

	December 31	December 31
Notes	2015	2014
	\$'000	\$'000
<b>Operating activities</b>		
Receipts from customers	86,732	84,654
Payments to suppliers and employees	(82,011)	(69,464)
Interest received	149	285
Finance costs	(2,181)	(2,268)
Income tax paid	(2,875)	(3,010)
<b>Net cash from (used in) operating activities</b>	<b>(186)</b>	<b>10,197</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(850)	(2,155)
<b>Net cash used in investing activities</b>	<b>(850)</b>	<b>(2,155)</b>
<b>Financing activities</b>		
Funds expended for equity raise	(551)	-
Proceeds from borrowings	50,914	-
Deferred financing costs	(495)	-
Repayment of borrowings	(50,454)	(2,748)
<b>Net cash used in financing activities</b>	<b>(586)</b>	<b>(2,748)</b>
Net change in cash and cash equivalents	(1,622)	5,294
Cash and cash equivalents, beginning of year	25,880	28,519
Exchange differences on cash and cash equivalents	78	341
<b>Cash and cash equivalents, end of year</b>	<b>24,336</b>	<b>34,514</b>

This statement should be read in conjunction with the notes to the financial statements.

# Notes to the Consolidated Financial Statements

## 1 Corporate information

### Nature of operations

GTCR Gridlock Holdings (Cayman), L.P. and its subsidiaries (the “Partnership”) provides traffic and news information reports to radio and/or television stations in international markets, including Australia, Canada, the United Kingdom and Brazil. The Partnership derives a substantial majority of its revenues from the sale of commercial advertising embedded within these information reports. The Partnership obtains these advertising commercials from radio and television stations in exchange for information reports and/or cash compensation.

### General information and statement of compliance

This is a condensed general purpose financial report that has been prepared in accordance with AASB 134. These interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. GTCR Gridlock Holdings (Cayman), L.P. is a for-profit partnership for the purpose of preparing the consolidated financial statements.

GTCR Gridlock Holdings (Cayman), L.P. (the “Partnership” or “Cayman”) is a Cayman Islands limited partnership that formed on 25 July 2011 for the purpose of acquiring Global Traffic Network, Inc. (“GTN”). The purchase of GTN was completed 28 September 2011 with GTN becoming a wholly owned indirect subsidiary of the Partnership. Certain subsidiaries of GTN were transferred to other indirect subsidiaries of the Partnership. GTCR Gridlock Partners, Ltd. is the General Partner (the “General Partner”) of the Partnership. The address of its registered office and its principal place of business is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The consolidated financial statements for the half-year ended 31 December 2015 (including comparatives) were approved and authorised for issuance on March 24, 2016. The Partnership has the power to amend and reissue the financial statements.

### Rounding of amounts

Unless specifically stated in full dollar number, amounts in the financial statements have been rounded off to the nearest \$1,000, or in certain cases, the nearest dollar.

## **2 Summary of accounting policies**

### **2.1 Overall considerations**

The accounting policies adopted are consistent with those of the previous fiscal year. A full disclosure of the significant accounting policies are contained in the annual financial statements for the year ended 30 June 2015. The consolidated financial statements are presented in Australian Dollars (AUD). The Australia Traffic Network Pty Limited (“ATN”) and GTCR Gridlock Holdings Pty Limited’s (“Aus Hold Co”) functional currency is Australian dollars (AUD); Canadian Traffic Network ULC’s (“CTN”) functional currency is Canadian dollars (CAD); GTCR Gridlock Holdings (UK) Limited, (“UK Hold Co”), Global Traffic Network (UK) Limited (“UKTN”) and Global Traffic Network Commercial (UK) Limited’s (“UK-Commercial”) functional currency is British Pounds (GBP); and BTN Servicos de Informacao do Transito Ltda’s (“BTN”) functional currency is Brazilian Real (BRL). The remaining subsidiaries functional currency is United States dollars (USD).

### **2.2 Significant management judgement in applying accounting policies and estimation uncertainty**

The significant management judgements and estimations adopted are consistent with those of the previous fiscal year. A full disclosure of the significant management judgements and estimations are contained in the annual financial statements for the year ended 30 June 2015.

## **3 Changes in accounting policies**

### **3.1 New and revised standards that are effective for these financial statements**

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosure in the 30 June 2016 annual report as a consequence of these amendments.

### **3.2 Accounting Standards issued but not yet effective and not been adopted early by the Partnership**

#### **AASB 9 Financial Instruments**

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity’s business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c. Introduces a ‘fair value through other comprehensive income’ measurement category for particular simple debt instruments.
- d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.



- e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI')
  - the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

#### **AASB 15 – Revenue from Contracts with Customers**

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations. AASB 15:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

#### **AASB 16 – Leases**

In February 2016 the Australian Accounting Standards Board (AASB) issued AASB 16, 'Leases', which amends the accounting for leases. The standard is applicable for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted if AASB 15, 'Revenue from Contracts with Customers', is also applied. The standard requires lessees to bring all leases on Balance Sheet as the distinction between operating and finance leases has been eliminated. Lessor accounting remains largely unchanged.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make a more detailed assessment of the impact over the next 12 months. The Group does not expect to adopt the new standard before 1 July 2019.

## **4 Financial risk management**

The Partnership's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Partnership's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Partnership. The Partnership uses derivative financial instruments to manage interest rate risk exposures on borrowings.

Risk management is carried out by the senior management team. The senior management team identifies, evaluates, reports and manages financial risks in close co-operation with the Partnership's operation units in accordance with the Board policy.

The Partnership holds the following financial instruments:

	<b>31 December 2015 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	24,336	25,880
Trade and other receivables	35,145	28,848
	<b>59,481</b>	<b>54,728</b>
<b>Financial liabilities</b>		
Trade and other payables	22,619	26,182
Interest bearing liabilities	50,432	49,270
Derivative financial instruments	758	1,229
Other liabilities	775	779
	<b>74,584</b>	<b>77,460</b>

#### (a) Market risk

##### (i) Cash flow and fair value interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises interest rate risk.

The Partnership's main interest rate risk arises from long term borrowings, cash, receivables and derivatives. Borrowings issued at variable rates expose the Partnership to cash flow interest rate risk. Partnership has maintained at least 75% of its long term borrowings at fixed rate using interest rate swaps.

The Partnership manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate derivatives, the Partnership agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

As at the end of the reporting period, the Partnership had the following variable rate cash and borrowings outstanding:



Financial assets	1,261	11,525	7,840	690	20	-	-	-
Financial liabilities	(1,375)	(6,693)	(4,244)	(872)	(153)	-	(575)	(83)
<b>Total exposure</b>	<b>(114)</b>	<b>4,832</b>	<b>3,596</b>	<b>(182)</b>	<b>(133)</b>	<b>-</b>	<b>(575)</b>	<b>(83)</b>

There are no material transactions in subsidiaries entities made in currencies other than the functional currency. Therefore no sensitivity analysis on foreign currencies affecting profit or loss has been prepared.

The Partnership also has the following intercompany loan payable/receivables within the group translated to AUD at closing rate as follow:

	AUD \$'000	CAD \$'000	GBP \$'000	BRL \$'000
<b>31 December 2015</b>				
Intercompany loan within the group entities between functional currency (AUD) and USD	55,347			
Intercompany loan within the group entities between functional currencies (CAD, GBP, BRL) and USD		22,856	10,021	4,680

	AUD \$'000	CAD \$'000	GBP \$'000	BRL \$'000
<b>30 June 2015</b>				
Intercompany loan within the group entities between functional currency (AUD) and USD	54,393			
Intercompany loan within the group entities between functional currencies (CAD, GBP, BRL) and USD		23,215	12,038	4,460

As shown in the table above, the group is primarily exposed to changes in USD/AUD. The group pre-tax exposure if Australian dollar/ US dollar is increased/decreased by 10% are as follow:

	<b>31 December 2015</b> <b>A\$'000</b>	<b>30 June 2015</b> <b>A\$'000</b>
Exposure of USD/AUD for exchange rate movement increase by 10%	5,032	4,854
Exposure of USD/AUD for exchange rate movement decrease by 10%	6,150	5,933

#### (b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The Partnership has exposures to credit risk on cash and cash equivalents and receivables. The maximum exposure to credit risk is based on the total value of our financial assets net of any provision for loss.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, an allowance for doubtful debtors is raised.

The Partnership's policy is to engage major financial institutions to provide financial facilities to the Partnership, thereby minimising credit risk on cash deposits. The Partnership does not have any cash balances or derivative financial instruments with any financial institution rated below "A".

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to refinance borrowings.

**(i) Financing arrangement**

The Partnership had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2015 \$'000	30 June 2015 \$'000
<b>Total facilities</b>		
Bank loan facility (refer note 12)	60,000	50,454
	<u>60,000</u>	<u>50,454</u>
<b>Used at balance date</b>		
Bank loan facility	50,914	50,454
	<u>50,914</u>	<u>50,454</u>
<b>Unused at balance date</b>		
Bank loan facility	9,086	-
	<u>9,086</u>	<u>-</u>

**(ii) Maturities of financial liabilities**

Contractual maturities of financial liabilities

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount (assets)/ liabilities \$'000
<b>At 31 December 2015</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade and other payables	22,619	-	-	-	22,619	22,619
Other liabilities	-	-	775	-	775	775
<i>Interest bearing</i>						
Bank loans	-	-	50,914	-	50,914	50,432
<b>Derivatives</b>						
Interest rate swaps	758	-	-	-	758	758
<b>Total</b>	<u>23,377</u>	<u>-</u>	<u>51,689</u>	<u>-</u>	<u>75,066</u>	<u>74,584</u>

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amount (assets)/ liabilities \$'000
<b>At 30 June 2015</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade and other payables	26,182	-	-	-	26,182	26,182
Other liabilities	-	-	779	-	779	779
<i>Interest bearing</i>						
Bank loans	2,559	47,895	-	-	50,454	49,270
Line of credit	-	-	-	-	-	-
<b>Derivatives -</b>						
Interest rate swaps	-	1,229	-	-	1,229	1,229
<b>Total</b>	<b>28,741</b>	<b>49,124</b>	<b>779</b>	<b>-</b>	<b>78,644</b>	<b>77,460</b>

**(d) Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Partnership's assets and liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015.

<b>31 December 2015</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
Total Assets	-	-	-	-
<b>Liabilities</b>				
Derivatives – interest rate swaps	-	758	-	758
Total Liabilities	-	758	-	758

at 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>				
Total Assets	-	-	-	-
<b>Liabilities</b>				
Derivatives – interest rate swaps	-	1,229	-	1,229
Total Liabilities	-	1,229	-	1,229

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

All of the resulting fair value estimates are included in level 2.

## 5 Capital Management

(a) Risk management

The Partnership's objectives when managing capital are to

- (i) safeguard its ability to continue as a going concern so it can continue to provide returns to the partners and
- (ii) maintain an optimal capital structure to reduce the cost of capital.

In order to accomplish these goals, the Partnership has entered into a secured bank loan with regard to its Australia operations. Under the term of the loan, the borrowers are required to comply with the following financial covenants:

- (a) Total gearing ratio (not greater than 3.00x at 31 December 2015)  
(actual 1.24x)
- (b) Interest coverage ratio (at least 3.50x at 31 December 2015)(actual  
7.57x)

The borrowers were in compliance with these and all other requirements of the loan for all periods presented.

## 6 Revenue

	December 31 2015 \$'000	December 31 2014 \$'000
<b>From continuing operations</b>		
Sales revenue		
Sale of advertising commercials – net of agency commissions	82,405	76,965
	<b>82,405</b>	<b>76,965</b>
Other income		
Interest	149	285
Other	13	7
	<b>162</b>	<b>292</b>

## 7 Expenses

	December 31 2015 \$'000	December 31 2014 \$'000
<b>Loss before income tax includes the following specific expenses:</b>		
Defined contribution superannuation expenses	420	375
Amortisation and depreciation	11,913	11,612
Finance costs of bank loan and line of credit	2,907	2,692
Rental expenses relating to operating leases	881	833
Foreign exchange losses on intercompany loans within the group	7,523	11,229

## 8 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the statutory tax rate at 35% (2014: 35%) and the reported tax expense in profit or loss are as follows:

	December 31 2015 \$'000	December 31 2014 \$'000
Loss before tax	(7,588)	(10,414)
Tax rate: 35%	(2,656)	(3,645)
Taxes on foreign earnings	2,848	3,864
Tax effect of permanent differences	(24)	724
Foreign tax credits	(1,828)	(2,415)
Unrecognized tax losses	1,116	919
Foreign jurisdiction tax, net of federal tax benefit	1	1
Over-provision for income tax in prior year	-	-
Effect of tax rate changes	-	-
Effect of change in estimate on current period	-	1,045
Other	-	-
<b>Income tax expense (benefit)</b>	<b>(543)</b>	<b>493</b>
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Expense		
Current	4,722	4,244
Deferred	(5,265)	(3,751)
<b>Income tax expense (benefit)</b>	<b>(543)</b>	<b>493</b>
Other comprehensive income		
Current	-	-
Deferred	(22)	(11)
	<b>(22)</b>	<b>(11)</b>



The recognition of deferred tax assets is limited to the extent that the Partnership anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The Partnership has an unrecognised deferred tax asset of \$10,295 (30 June 2015: \$9,551) in relation to the tax losses in the year as management does not anticipate the Partnership will make sufficient taxable profits in the foreseeable future to utilise this asset.

## 9 Goodwill

The movements in the net carrying amount of goodwill and trade names (Note 10) are as follows:

	Trade names	Goodwill
	\$'000	\$'000
<b>Gross carrying amount</b>		
Balance 1 July 2015	12,663	93,885
<b>Half-year ended 31 December 2015</b>		
Opening carrying amount	12,663	93,885
Net exchange difference	(84)	(414)
<b>Carrying amount at 31 December 2015</b>	12,579	93,471

Due to the long term and indefinite nature of goodwill and trade names, amortisation expense is not reflected and the Partnership annually reviews goodwill and trade names for impairment.

Management is not currently aware of any other reasonably possible changes in key assumptions that would result in an impairment.

## 10 Intangible assets

Detail of the Partnership's intangible assets and their carrying amounts are as follows:

	Station contracts	Advertising contracts	Trade names	Total
	\$'000	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>				
Balance at 1 July 2015	89,481	66,360	12,663	168,504
Net exchange differences	(575)	(424)	(84)	(1,083)
Balance at 31 December 2015	88,906	65,936	12,579	167,421
<b>Amortisation and impairment</b>				
Balance at 1 July 2015	(23,969)	(55,303)	-	(79,272)
Amortisation	(3,215)	(7,419)	-	(10,634)
Net exchange differences	195	445	-	640
Balance at 31 December 2015	(26,989)	(62,277)	-	(89,266)
<b>Carrying amount 31 December 2015</b>	61,917	3,659	12,579	78,155

The Partnership expects to either renew or replace its advertiser contracts and renew its station contracts beyond their expected life. Amortisation expense for the half-years ended 31 December 2015 and 31 December 2014 was \$10,634 and \$10,398, respectively.

Indefinite lived intangible assets (trade names) are also subject to impairment testing as disclosed in Note 9.

## 11 Property, plant and equipment

Details of the Partnership's property, plant and equipment and their carrying amount are as follows:

	Helicopters and fixed wing aircraft \$'000	Recording, broadcasting and studio equipment \$'000	Furniture, equipment and other \$'000	Total \$'000
<b>Gross carrying amount</b>				
Balance 1 July 2015	13,867	688	1,569	16,124
Additions	419	10	422	851
Disposals	(183)	-	-	(183)
Net exchange differences	(766)	(12)	(212)	(990)
Balance 31 December 2015	13,337	686	1,779	15,802
<b>Depreciation and impairment</b>				
Balance 1 July 2015	(7,967)	(435)	(932)	(9,334)
Disposals	183	-	-	183
Net exchange differences	382	10	53	445
Depreciation	(1,087)	(51)	(141)	(1,279)
Balance 31 December 2015	(8,489)	(476)	(1,020)	(9,985)
<b>Carrying amount 31 December 2015</b>	<b>4,848</b>	<b>210</b>	<b>759</b>	<b>5,817</b>

## 12 Financial liabilities

	31 December 2015 \$'000	30 June 2015 \$'000
<b>Current</b>		
Current portion of long term debt	-	2,559
	-	<b>2,559</b>
<b>Non-current</b>		
Long term debt, less current portion	50,432	46,711
	<b>50,432</b>	<b>46,711</b>

On 9 November 2015 the Partnership's Aus Hold Co subsidiary repaid the Term Loans in full with the proceeds of a five year \$65 million dollar Revolver facility with one of its existing lenders. The initial amount drawn under the Revolver facility was \$50,914 which is also the amount outstanding as of 31 December 2015. Aus Hold Co incurred \$495 of deferred financing costs which are being amortized over the term of the Revolver facility using the effective interest method. Simultaneous with the repayment of the Term Loans, \$891 of deferred loan costs associated with the Term Loans were expensed as a component of finance costs on the accompanying consolidated statement of profit or loss and other comprehensive income. The Revolver facility interest rate consists of a line fee of 1% on the entire Revolver facility commitment plus additional interest of BBSY +1% on the drawn down portion of the Revolver facility. Currently, due to restrictions in the Revolver agreement, Aus Hold Co is only able to draw down \$60 million of the \$65 million Revolver facility.

### Assets pledged as security

Bank loan facilities are secured by a first ranking charge over all ATN and Aus Hold Co assets.

### 13 Derivatives

	2015 \$'000	2014 \$'000
<b>Current</b>		
Interest rate swap contract	758	-
	<u>758</u>	<u>-</u>
<b>Non-current</b>		
Interest rate swap contract	-	1,229
	<u>-</u>	<u>1,229</u>

(i) Classification of derivatives

Derivatives are classified as hedging instruments.

On 24 November 2011, as a requirement of the Term Loan, Aus Hold Co entered into fixed rate swap agreements (“Interest Rate Swaps”) under which, effective 10 February 2012, 75% of the Term Loans outstanding balance (prior to any voluntary or mandatory prepayments under the excess cash flow sweep provisions of the Term Loan) is fixed at 4.21% until November 11, 2016, the maturity date of the Term Loan. On November 9, 2015 half of the Interest Rate Swaps were novated to the lender of the Revolver facility. Interest expense related to the Interest Rate Swaps was \$475 and \$379 for the half-years ended 31 December 2015 and 31 December 2014, respectively, and is a component of finance costs on the consolidated statement of profit or loss and other comprehensive income. The initial notional amounts of the Interest Rate Swaps were each \$28,688 and reduces by a portion of the scheduled principal payments of the Term Loans. The notional amount of the Interest Rate Swaps at 31 December 2015 and 30 June 2015 was \$41,625 and \$47,250, respectively. At inception and on a quarterly basis, the Partnership determined that these Interest Rate Swaps were highly effective and therefore, recorded the change in fair value of \$41 for the half-year ended 31 December 2015 and \$21 for the half-year ended 31 December 2014 in other comprehensive income (net of taxes) on the consolidated statement of partners’ equity.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to note 4(d).

### 14 Related party transactions

The Partnership has entered into a professional services agreement with GTCR Management X LP, an affiliate of the majority partnership owners, to provide management services. For the half-years ended 31 December 2015 and 31 December 2014 the Partnership incurred \$346 and \$281 of expense respectively, which is included as a component of selling, general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

As of 31 December 2015 and 30 June 2015, the Partnership had a liability of \$70 and \$66 respectively, to entities affiliated with the majority partnership owners.

## 15 Segment information

The Partnership's management analyses the company's performance by geographic area and has identified four reportable segments: Australia, Brazil, Canada and United Kingdom.

The segments' revenues are as follows:

	31 December 2015	31 December 2014
	\$'000	\$'000
Australia	44,149	42,820
United Kingdom	24,729	21,414
Canada	10,861	10,069
Brazil	2,666	2,662
	<b>82,405</b>	<b>76,965</b>

Management tracks performance primarily by Adjusted EBITDA which is defined as EBITDA adjusted for any foreign exchange profit or loss and other unusual non-recurring items.

	31 December 2015	31 December 2014
	\$'000	\$'000
<b>Adjusted EBITDA by Segments</b>		
Australia	13,573	13,940
United Kingdom	2,588	1,906
Canada	557	356
Brazil	(433)	(170)
Other	(576)	(955)
<b>Adjusted EBITDA</b>	<b>15,709</b>	<b>15,077</b>
Foreign Exchange gain (loss)	(7,523)	(11,229)
Transaction expenses	(1,103)	(243)
<b>EBITDA</b>	<b>7,083</b>	<b>3,605</b>
Depreciation and amortization	(11,913)	(11,612)
Financing costs net of interest income	(2,758)	(2,407)
Loss before taxes	(7,588)	(10,414)

Segment assets and liabilities are classified by their physical location.

	31 December 2015	30 June 2015
	\$'000	\$'000
<b>Segment assets</b>		
Total Assets:		
Australia	182,675	186,038
UK	32,829	32,970

Canada	20,718	23,562
Brazil	3,076	3,682
<b>Total segment assets</b>	<b>239,298</b>	<b>246,252</b>
Unallocated:		
Deferred tax assets	9,485	7,956
Intercompany eliminations	(1,917)	(1,814)
Other	1,003	1,376
<b>Total assets</b>	<b>247,869</b>	<b>253,770</b>
<b>Segment liabilities</b>		
Total liabilities		
Australia	68,870	70,065
UK	18,759	18,989
Canada	27,066	28,041
Brazil	5,493	5,559
<b>Total segment liabilities</b>	<b>120,188</b>	<b>122,654</b>
Unallocated:		
Deferred tax liabilities	19,052	22,125
Borrowings	50,432	49,270
Derivatives	758	1,229
Intercompany eliminations	(104,074)	(101,530)
Others	10,801	8,372
<b>Total liabilities</b>	<b>97,157</b>	<b>102,120</b>

## 16 Events subsequent to the reporting period

On February 9, 2016, the Partnership's ATN subsidiary entered into a long-term supply agreement (effective February 1, 2016) with one of its largest radio station affiliate groups. Under the terms of the agreement, ATN made a \$100,000 upfront payment and agreed after the first year to pay \$2,750 annually (adjusted for the lower of 2.5% or CPI) for the initial twenty year term of the agreement. ATN has the option to renew the agreement for an additional ten year period at a cost of the annual payment provisions of the initial agreement. The payments replaced ATN's previous obligation to make monthly payments under an agreement that was set to expire October 2, 2016.

The \$100 million prepayment is accounted for as a financing arrangement. ATN will record interest income over the life of the contractual agreement. This interest income is non-cash and will reduce over time as the benefit of the prepayment is consumed by ATN. ATN will record additional non-cash station compensation expense over the contract period equal to the total amount of interest income. Station compensation expense related to the SCA agreement will be recognised straight line over the 30 year period (20 years + 10 year extension). The expense consists of the \$100 million upfront payment, the annual cash payments and the non-cash interest component. Net profit after tax is impacted by the net expense amount of the station compensation expense and the interest income related to the agreement. The net profit amount related to the agreement will decrease over time as the station compensation expense will remain constant, and the interest income will decrease.

In conjunction with the prepayment, Aus Hold Co refinanced its existing Revolver facility and replaced it with \$155,000 of new debt ("New Facility") due February 9, 2021. The debt is divided into three facilities; Facility A is a Revolver facility of \$15,000; Facility B is an amortizing term loan of \$40,000; and Facility C is a \$100,000 bullet term loan. The amortization on Facility B commences 31 March 2016 and is \$2,000 per calendar quarter.

The New Facility contains covenants relating to dividends, management fees, distributions, liens, indebtedness, capital expenditures and interest coverage and leverage ratios and is secured by all the assets of the Partnership's Australian and United Kingdom subsidiaries. In addition, there are provisions requiring a deleveraging of the New Facility in the event of an initial public offering of a parent entity of the borrower. The New Facility also has a requirement to enter into interest rate hedging on a portion of the outstanding balance within 60 days of closing.

## Partners' declaration

The Partners declare that:

1. The consolidated financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and accompanying notes:
  - (a) comply with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board; and
  - (b) give a true and fair view of the financial position of the Partnership as at 31 December 2015 and of its performance for the half-year ended on that date.
2. The Partnership has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the Partners' opinion, there are reasonable grounds to believe that the Partnership will be able to pay its debts as and when they become due and payable.

This declaration is made for and on behalf of the Partnership by:



**William Yde**

President and Chief Executive Officer of GTCR Gridlock Partners, Ltd. as general partner

Dated in 2016, this 24<sup>th</sup> day of March



## **Independent auditor's review report to the board of Directors and Partners of GTCR Gridlock Holdings (Cayman), L.P.**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of GTCR Gridlock Holdings (Cayman), L.P. (the Partnership), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the partners' declaration for GTCR Gridlock Holdings (Cayman), L.P. (the consolidated entity). The consolidated entity comprises the Partnership and the entities it controlled during that half-year.

### ***Directors' and Partners' responsibility for the half-year financial report***

The directors and partners of the Partnership are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and for such internal control as the directors and partners of the Partnership determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of GTCR Gridlock Holdings (Cayman), L.P., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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***PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, Holder of Australian Financial Services Licence No 244572***

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GTCR Gridlock Holdings (Cayman), L.P. is not:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Mitchell Chiang*

MW Chiang  
Authorised Representative  
PricewaterhouseCoopers Securities Ltd

Sydney  
24 March 2016